



January 24, 2013

Honorable Jerome Horton  
Chair, State Board of Equalization

Honorable George Runner, Senator  
Chair, State Board of Equalization Property Tax Committee

Dear Chairman Horton and Senator Runner,

Thank you for leading the effort toward equalizing tax administration, and promoting consistent application of tax laws with respect to valuation of embedded software.

We are writing in response to your January 17th letter wherein, in lieu of establishing a formal working group at this time, Board of Equalization (BOE) County-Assessed Properties Division will continue to work on the issue with industry representatives, county assessors and internal BOE State-Assessed Properties Division as part of an information-gathering process.

We believe that ascertaining the scope of varying existing local tax treatment of embedded software, and examining approaches currently utilized for state-assessed properties, as identified in your letter, will be very useful in a collaborative effort to address embedded software valuation concerns. We believe that it would be equally productive to convene a working group, whether formal or informal, of industry representatives, academia (as recommended by the California Assessors' Association), and other experts to examine the data collected and, guided by the BOE's objectives stated in your October 31st letter (to the California Assessors' Association president, Tom Bordonaro), potentially make recommendations to you and the other Board members.

We look forward to working collaboratively on this important administrative issue.

Sincerely,

Teresa Casazza  
President, California Taxpayers Association

cc: Members, Board of Equalization  
Mr. Jim Rooney, President, CAA  
Members of the CAA Ad-Hoc Committee on Embedded Software  
Mr. David Gau, Deputy Director, Board of Equalization  
Mr. Dean Kinnee, Chief, County-Assessed Properties Division, Board of Equalization